GOVERNMENT OF INDIA
CHEMICALS AND FERTILIZERS
LOK SABHA

UNSTARRED QUESTION NO:1162
ANSWERED ON:01.08.2005
HINDUSTAN ORGANIC CHEMICALS LTD
Adhalrao Patil Shri Shivaji

Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether the Hindustan Organic Chemicals Limited has failed to assess the market feasibility before taking up the construction of the storage tank terminal facility at the Jawahar Lai Nehru port area ;

(b) if so, whether the company had to leave the said project in mid-way later-on ;

(c) if so, the total loss suffered by the company as a result thereof; and

(d) the reaction of the Government thereto ?

Answer

THE MINISTER OF CHEMICALS AND FERTILIZERS & MINISTER OF STEEL (SHRI RAM VILAS PASWAN)

(a)&b)Hindustan Organic Chemicals Ltd (HOCL) had assessed the market feasibility before taking up construction of storage tank terminal facility at JNPT in the year 1994.This was based on the trading activity in chemicals which was being pursued by the Company alongwith increased input requirement for its manufacturing activities at international parity.The project feasibility had indicated that in view of the buoyant activity of trading to imports, the lease rentals per KL of the storage tank capacity was expected to be in the range of Rs.200-300. Based on this, market feasibility study was done and the profitability projection was undertaken. However, during construction of this project in 1998-99, the lease rental of the tank which were around Rs.200-300 per KL had drastically reduced to Rs.100 per KL and less. As such, the JNPT project would not have been profitable as was projected during 1994-95 feasibility report. Therefore, the company decided to suspend further construction activity on the project and look for alternative like lease rentals etc.

(c) & d) The company had suspended further construction of the tank farm terminal. However with the revival of import-export activities and the possibility of upgradation of the tank terminal site to ciass `A` petroleum due to environmental and statutory clearances being given by JNPT Authorities, the completion of the tank terminal project is being reviewed.